

<b>Institution: Newcastle University</b>
<b>Unit of Assessment: 19 Business and Management Studies</b>
<b>Title of case study: Social accounting in the third sector: Improving practice, enhancing sustainability and informing debate</b>
<p><b>1. Summary of the impact</b></p> <p>The research at Newcastle led by Dr Jane Gibbon has resulted in the development of a model of social accounting which has been co-produced with different third sector organisations. Impact can be demonstrated in three areas. First, a number of organisations have implemented the model, resulting in improved practice through a better understanding of their stakeholders' perspectives. Second, it has contributed towards the sustainability of these organisations, by allowing them to demonstrate the full extent of their work. Third, practitioner debate in both the accounting and third sector communities has been informed.</p>
<p><b>2. Underpinning research</b></p> <p><b>Research context</b></p> <p>Social measurement continues to be relevant to the UK government's overall strategy for the third sector. The strategy requires third sector providers to show how their services benefit users and the environment in which they operate. Social accounting is one of the principal means by which organisations can demonstrate the extent to which they are meeting stated goals in areas such as community cohesion, social well-being and the regeneration of communities (2). Research in social accounting at Newcastle has been driven by Dr Gibbon (2008-) as part of a wider group that engages critically with accounting practice. An important feature of the group's work is that the expertise in social accounting has developed out of close links with third sector practitioners.</p> <p><b>Social accounting in the third sector</b></p> <p>The measurement of the social benefit of third sector organisations is strategically important both for funders and for the recipients of their services. For funders, the measurement of social 'value added' signifies one type of return on their investment; for the beneficiaries, it represents the value to them of the organisation's services. Research undertaken at Newcastle enabled the development of a deeper understanding of the real and perceived barriers, and resistance to, social accounting (3-4). The recognition of a changed appreciation of accountability through the experience provides a deeper view of how accountability can be played out in practice with third sector organisations (1).</p> <p>Methods of social reporting based on the idea of a social return on investment (SROI) rely on the translation of social indicators into the quantitative measures required by hard accounting. Gibbon and colleagues found this to be a complex and expensive process in which much of the essentially social meaning of data could be lost (1-5). Despite its attractiveness to those who are keen to quantify and express social value creation and thus make comparative assessments of social value, Gibbon and colleagues argued that SROI's apparent simplicity also risks reducing the measurement of social impact to a potentially meaningless or even misleading headline figure and should therefore be treated with caution. This is especially so where exact measures are unobtainable, and approximations, or so-called 'financial proxies', are used (2).</p> <p><b>Social accounting for organisations that support vulnerable people</b></p> <p>Newcastle was successful in securing funding for an Economic and Social Research Council (ESRC) collaborative (CASE) studentship (grant 1). This project addressed the important question of measuring social benefit, with implications extending beyond the main partner in the project, Norcare, a leading provider of supported accommodation. On the basis of a new understanding of the contested meaning of social measurement, the research is developing measurement tools that can be adopted within Norcare and similar organisations.</p> <p><b>Social accounting for leisure services</b></p> <p>As part of a separate strand of research, Gibbon undertook action research within a community leisure organisation. It was found that financial accounting information did not provide the breadth of information required, as a result of which the organisation decided to introduce social accounts (1-4). Following this, in 2010, Gibbon was awarded an ESRC Fellowship, Measuring Social Value for Cultural and Leisure Facilities Managed by Third Sector Organisations (Grant 2). User</p>

involvement in creation and dissemination of meaningful research is part of the Newcastle approach. The use of participatory action research enabled Gibbon to develop insights in direct relation to end user needs (1,2,4). The research is valuable in contributing a rare longitudinal case study to the search for a common reporting framework in social and environmental accounting (2).

**3. References to the research**

1. Gibbon, J. (2012). 'Understandings of accountability: An autoethnographic account using metaphor'. *Critical Perspectives on Accounting*, 23(3), 201-212. REF2 Output: 171782. DOI: <http://dx.doi.org/10.1016/j.cpa.2011.12.005> (ABS List 2010 3\*).
2. Gibbon, J., Dey, C. (2011). 'Developments in social impact measurement in the third sector: Scaling up or dumbing down?'. *Social and Environmental Accountability Journal*, 31(1), 65-74. DOI: <http://dx.doi.org/10.1080/0969160X.2011.556399>.
3. Gibbon, J., Angier, P. (2011). 'Towards a better understanding of relationships in fair trade finance: Shared interest society and social accounting'. In: Hull, R., Gibbon, J., Branzei, O., Haugh, H. (eds.) *Critical Perspectives on the Third Sector*. London, UK: Emerald Group Publishing. (Available on request).
4. Gibbon, J., Affleck, A. (2008). 'Social enterprise resisting social accounting: reflecting on lived experiences'. *Social Enterprise Journal*, 4(1), 353-161. DOI: <http://dx.doi.org/10.1108/17508610810877722> (ABS List 2010 1\*).
5. Gibbon, J., Fenwick, J., McMillan, J. (2008). 'Governance and Accountability: A role for social accounts in the sustainable school'. *Public Money and Management*, 28(6), 353-361. DOI: <http://dx.doi.org/10.1111/j.1467-9302.2008.00669.x> (ABS List 2010 2\*).

**Table of relevant grants**

	Principal Investigator(s)	Grant Title	Funder	Period of Grant	Value to Newcastle
1.	Jane Gibbon / David Campbell	Accountability and social measurement for third sector supported housing organisations: critical insights and pragmatic approaches	ESRC CASE studentship	March 2009- October 2013	£60,000
2.	Jane Gibbon	Measuring social value for cultural and leisure facilities managed by third sector organisations	ESRC Fellowship	Feb 2010- April 2010	£8,500

**4. Details of the impact**

The work undertaken at Newcastle has enabled organisations to improve practice through a better understanding of their stakeholders' perspectives. It has contributed towards the sustainability of these organisations by allowing them to demonstrate the full extent of their work, particularly in terms of the outcomes for individuals who use their services. The research has informed practitioner debate in both the accounting and third sector communities, and, for the organisations involved, has resulted in change at both operational and strategic levels.

**Improving practice**

The initial research undertaken with Jesmond Community Leisure (JCL) enabled them to better understand their work. As its Chief Executive commented: "As a result of [Gibbon's] work the organisation has benefitted from being able to report on our social impact for stakeholders... The social accounts have also provided us with a vital and accessible source of information to support funding applications, for example, we received grants from Eon and the Carbon Trust to install solar panels for heating pool water. We have also used our Social Accounts to inform the Sita Trust of the benefits of exercise to older people, which led to a grant of £50,000 to provide the equipment for our new extension" (IMP1).

During 2009-10 the reach of the impact was increased to include additional partner organisations. Gibbon continued to work with JCL along with three other social enterprises (Tees Active Leisure,

**Impact case study (REF3b)**

Kirklees Active Leisure and North Country Leisure) to co-produce a Social Accounting Toolkit. The toolkit is designed to develop and capture the information needed to report on the aims and objectives of a typical leisure trust. It includes a brief outline of social reporting, a guide to the process, sample surveys for stakeholder consultation, key aspects reporting form and a verification check list. As the Chief Executive of JCL commented: *“The toolkit that JCL developed along with other leisure trusts was a direct result of [Gibbon’s] research in collaboration with a number of partners, the toolkit is a valuable resource for smaller leisure trusts when starting to implement their own social measurement system” (IMP1)*. The Director of the Social Audit Network (SAN) supported this: *“The research [Gibbon] has undertaken since 2008 has also made a difference to the [SAN]. [She] was the first to explore in depth over time the practice and theory of social accounting within the setting of a local leisure trust. The findings of [Gibbon’s] research are useful to help practitioners understand and overcome the difficulties and benefits of social accounting and audit.” (IMP2)*.

The ESRC CASE studentship (grant 1) has further extended the impact of research to a different third sector context, supported accommodation for vulnerable adults. The studentship was hosted by Norcare Limited, which in 2011-12 helped over 500 socially and economically excluded clients, working in partnership with 151 agencies. The research developed an outcomes framework for the delivery and reporting of the services Norcare provides in such areas as accommodation, health, substance misuse and money management (IMP3p11). As the Chief Executive of Norcare observed, *“This resulted in adaptations to reporting methods within Norcare’s paperwork and its IT data capture system...to ensure that the correct information was being captured throughout the whole of a client’s journey with us...The result of this work now means that Norcare can effectively monitor and evidence key outcomes achieved with the clients throughout their time with us. This enables us to more clearly demonstrate the impact of the support we deliver. This information is used on a regular basis with commissioners to evidence our impact and therefore help maintain contracts in an economically challenging environment; it is also used to assist in opportunities for growing new business” (IMP4)*.

**Enhancing sustainability**

The Newcastle research is having long-term as well as short-term impact. JCL, for example, continues to refine its use of social accounting: *“[We] first produced social accounts for 2004, providing an invaluable, detailed account of the benefits provided by the pool to the local and wider community, and to other stakeholders. Our social accounts have generated wide interest amongst other projects seeking to move in a similar direction, both in the UK and abroad. During 2007 it was decided in future to prepare social accounts every other year” (IMP5)*.

Another organisation that continues to benefit from the research is North Country Leisure, a registered charity managing twelve major leisure centres, and a range of sports and exercise development services. Its Chief Executive commented: *“As a direct result of this work we have agreed a much improved series of impact measures with one of our local authority contract partners, helping to demonstrate a much wider benefit from our work than previously available through financial and numerical measures...We have used the learning from the project extensively in bidding for new contracts... I am quite clear that the new perspectives gained from our work with [Gibbon] have helped us to develop and demonstrate service quality in a much improved way, playing a part in winning new long term contracts with an annual turnover of £3.5 million over the last two years.” (IMP6)*.

Following the Newcastle Council for Voluntary Service Wellbeing and Health Open Forum (WHOF) held in February 2012 (IMP7), where Gibbon shared research insights, Tyneside Women’s Health (TWH) approached Newcastle for support in implementing social accounting. The Director commented: *“TWH has benefitted from engaging with social accounting by enhancing our understanding of key aspects of what we do as an organisation...[we] ensure social accounting is included in the future strategic objectives of the organisation and ensure a wider range of stakeholders are included in future social accounts...[we] review the overall mission, aim and values of the organisation as part of the next strategic planning process and ensure social accounts are undertaken linked to the refreshed versions...[we] continue to positively respond to service user feedback ... [and] establish the reasons behind service users leaving...and use it as a service development tool where possible...[and we] streamline outcome monitoring systems to*

*ensure progress and achievement can be measured for individual women..."* (IMP8).

### **Informing the debate on social accounting**

Gibbon has been informing the debated on social accounting through her participation in a number of practitioner-based activities. These involve representatives from such organisations as Age Concern, Help the Aged, National College for School Leadership, and the WHOF. There is evidence of participants paying particular attention to the Newcastle research. Sample comments in response to "the key thing you will take away with you from today" include "*Social accounting and how it needs to be an integral part of what we do*" (IMP7p6); "next steps" include "*Do social accounts at my org!*" (IMP7p7).

As a result of research at Newcastle, strong relationships have been developed with a variety of third sector organisations. At a national level, the Social Audit Network (SAN) works closely with the University, with Gibbon providing an advisory role and the University hosting the regional branch of the Network. As the Director of SAN commented: "*[Gibbon] has a strong and continuing relationship with SAN and through the SAN North East group where she is a key member... She is a respected member of our community and her research regularly informs our work at SAN*" (IMP2). Impact is also felt at the level of service delivery. TWH, for example, are committed to continuing the work initiated at Newcastle. Its Director said: "*We have a continued commitment to producing social accounts over the next 12 months and this will provide a key part of the brief for our evidence based interventions and other aspects of our practice too. As TWH go forward we will continue working with [Gibbon] as a part of Needs Assessment and Social Account Group*" (IMP8).

The Social Accounting toolkit is beginning to be disseminated at a national level. As a direct outcome of the Newcastle research, the Chief Executive of JCL now sits on the national advisory group of Sporta, a membership association that represents over 100 cultural and leisure trusts and social enterprises throughout the UK. He commented: "*Another direct result of Jane Gibbon's research has been my own professional development in social measurement, accounting and audit. I have advised national and international social enterprises on CSR and social accounting... Since early 2012 I have been a member of the Sporta Impact Measurement National Steering Group for social impact measurement*" (IMP1).

### **5. Sources to corroborate the impact**

- (IMP1) Testimonial from Chief Executive, Jesmond Community Leisure/Member of Impact Measurement Group, Sporta UK.
- (IMP2) Testimonial from Director, Social Audit Network (SAN).
- (IMP3) Norcare (2012) *Annual Outcomes Report*. Available at: <http://www.norcare.co.uk/what-we-do/index.htm> (accessed 20/09/13).
- (IMP4) Testimonial from Chief Executive, Norcare Limited.
- (IMP5) Jesmond Community Leisure Social Accounts. Available at: <http://jesmondcommunityleisure.co.uk/index.php?page=Social-Accounts> (accessed 20/09/13).
- (IMP6) Testimonial from Chief Executive, North Country Leisure.
- (IMP7) Newcastle Council for Voluntary Service Wellbeing and Health Open Forum report from meeting February 2012. Available at: [http://cvsnewcastle.org.uk/assets/files/networkinginvolving/WHOFfeb2012/WHOF\\_Report\\_Feb\\_2012.pdf](http://cvsnewcastle.org.uk/assets/files/networkinginvolving/WHOFfeb2012/WHOF_Report_Feb_2012.pdf) (accessed 20/09/13).
- (IMP8) Testimonial from Director, Tyneside Women's Health.